

CLIMBING THE CO2 PERFORMANCE LADDER: STEP 5

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INTRODUCTION

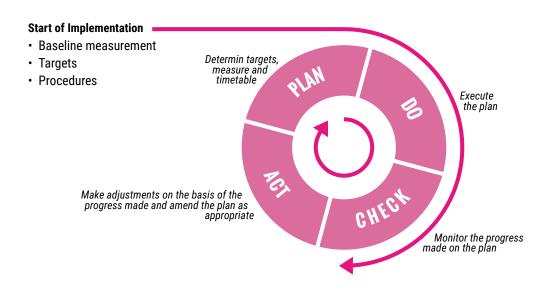
Looking at one's immediate carbon footprint is great, however, you are unlikely to understand the full scale of your emissions like this. There is a load more CO2 embedded within the products we buy. Unlike the first steps of the CO2 performance ladder, step 5 requires us to take a deeper dive into CO₂ emissions along the supply chain. This way, we as a company can understand the CO2 our products emit and make plans to reduce it.



It sounds simple enough, but in fact it is quite a challenging task, as you can imagine, who is responsible for what emissions is a tricky question. For example, who takes the responsibility for emissions from farming practices? Is the farmer? The exporter? The retailer? The consumer? Well luckily, this isn't the blame game and well it's not a game at all.

We drastically need to reduce CO2 emissions and the planet doesn't care who did it, but whether we can stop doing it. This is an opportunity for us to work together and find innovative ways to collectively reduce emissions within our supply chain. This is a daunting task for unhealthy supply chains that depend on exploitation and deceit.

Luckily, Moyee has a healthy relationship with our suppliers and deals with a smaller supply chain with fewer middle men. This makes it easy for us to get information from everyone in the supply chain and easy to enact change.





CURRENT SITUATION

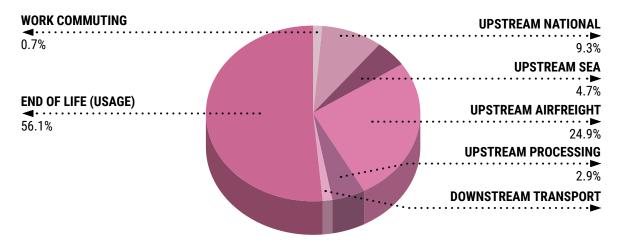
In 2022, Moyee sold 165,221kg of roasted coffee originating primarily from Ethiopia, Kenya, Uganda, and Congo. Smaller amounts also originate from Rwanda, Colombia, and Honduras. The coffee from Ethiopia, Colombia, and Honduras is roasted in the country of origin and sent by airfreight, while the rest of the origin is shipped by sea.

Total Emissions

The CO2 emitted from every component of our supply chain amounts to approximately 391.4tCO2eq per year. Shipping a product across the world for Europeans to enjoy requires a lot of energy, with current technology this means CO2 emissions from fossil fuels. For Moyee this adds up to 154.18 tons of CO2eq in 2022. This is the largest source of CO2 in our supply chain before it reaches the consumer. However, interestingly emissions associated with the consumer preparing coffee is nearly double the transport emissions. This is interesting, however it is very difficult to determine accurately as we do not have the specific details of how every consumer prepares coffee. Rather we rely on average carbon intensity of electricity supply and standard preparation methods.

| | EMISSION CATEGORY | TOTAL KG CO2 |
|----------|-----------------------------|--------------|
| BUSINESS | Upstream national transport | 35549.54268 |
| | Upstream sea transport | 17934.55841 |
| | Upstream airfreight | 95111.72873 |
| | Upstream processing | 11041.19549 |
| | Downstream transport | 5585.519896 |
| | End of life (usage) | 214138.175 |
| OFFICE | Work commuting | 2555.616 |
| | Business travel | 438.5463158 |
| | Heating | 6186.2 |
| | Electricity | 2864.5 |
| | TOTAL | 391405.5826 |

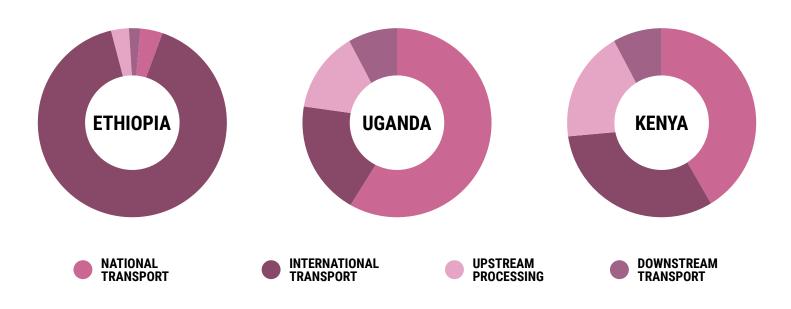
MOYEE SCOPE 3 CO2 EMISSIONS BY ACTIVITY



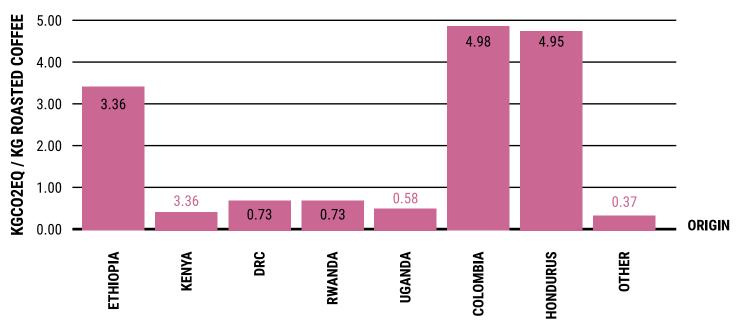


EMISSIONS PER ORIGIN

After analysing the CO2 emissions associated per kilo of roasted coffee from different origins, it is clear that there are clear differences in these origins. Ethiopia, Colombia, and Honduras stand out as having significantly higher emissions than other countries. This is due to the fact that they rely currently on air freight to reach the Netherlands. This is partly due to the lower volumes being exported at once and supply chain issues with shipping by sea.



MOYEE SCOPE 3 CO2 EMISSIONS BY ACTIVITY



FROM REDUCING CARBON FOOTPRINT TO POSITIVE HANDPRINT

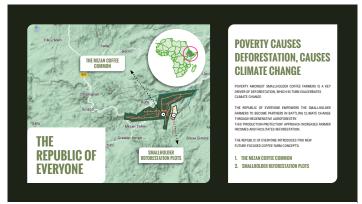


CARBON SEQUESTRATION

Moyee is focused on reducing emissions as much as possible, but we also focus on increasing and maintaining carbon sinks. This includes protecting forests where coffee is grown, planting more trees, and employing agroforestry practices to sequester carbon dioxide.

For this we have launched mission earth and created The Republic of Everyone





CONCEPT 2

SMALLHOLDER REFORESTATION PLOTS TURNING FARMERS INTO CLIMATE WARRIORS

COFFEE IS BY NATURE A FOREST-SHADED PLANT, BUT WHEN SO LITTLE MONEY IS GOING TO FARMERS THEY CHOOSE INSTEAD TO CUT DOWN FORESTS FOR OTHER CROPS AND LIVESTOCK. THIS IS WHAT WE MEAN WHEN WE SAY POVERTY LEADS TO DEFORESTATION LEADS TO CHMATE CHANGE

IN JUST A FEW DECADES ETHIOPIA HAS LOST 3.5 MILLION HECTARES (35,000 KMZ) OF FOREST. THAT'S ENDUGH FORESTS TO ABSORB THE CARBON EMISSIONS OF AMSTERDAM 10X OVER. EVERY YEAR ANOTHER 150,000 HA (1500 KMZ) OF FOREST IS LOST. WITH 90% OF ETHIOPIAN FARMERS LIVING ON LESS THAN 1 HA (0.1 KMZ) OF LAND, IT IS ABSOLUTELY VITAL WE FIND A WAY TO TURN SMALL PLOTS OF LAND INTO PROPITABLE PLOTS THAT PROTECTS FOREST.

YOUR INVESTMENT WILL HELP TRANSFORM 20 X 1HA (0.1 KM2)
OF DEFORESTED LAND INTO PROFITABLE AGROFORESTRY PLOTS.
WHEN EXECUTED PROPERLY IT CAN SEQUESTER CO2, STOP
DEFORESTATION, HELP TO BATTLE CLIMATE CHANGE WHILE
PRODUCING BETTER CROPS WITH HIGHER INCOME AT LESSER COSTS.

WE CAN ACHIEVE ALL OF THIS WITH RELATIVELY SMALL
INVESTMENTS, YOUR SUPPORT CAN HELP US PROVE THIS MODEL
THEN PAVE THE WAY FOR MASSIVE REFORESTATION AND INCREASE
OF INCOME FOR THOUSANDS OF FARMERS.





TWO YEARS OF DEFORESTATION CAUSED BY POVERTY.
TOGETHER WE WILL TURN THIS AROUND!



ULTIMATE GOAL

CAFFEINATED REFORESTATION

OUR ULTIMATE GOAL IS TO SCALE UP OUR PROFITABLE
AGRO-FORESTRY PROGRAM AND KICKSTART AN AMBITIOUS
REFORESTATION PROJECT.

THE REPUBLIC OF EVERYONE WILL COLLABORATE WITH THE FAIRCHAIN FOUNDATION AND THE BENCH MAJI COFFEE FARMERS' COOPERATIVE IN ETHIOPIA WITH THE AIM TO INSPIRE BENCH MAJI'S 30,000-STRONG FARMERS TO ADOPT OUR AGROFORESTRY BLUEPRINT AND SET THE FIRST STEPS TO REFOREST SOME 3,9 MILLION HA (3,900 KM2) OF LOST ETHIOPIAN FOREST.

IN DOING SO, WE CAN ELEVATE 1 MILLION FARMERS OUT OF POVERTY WHILE PROVING TO THE WORLD THAT PROFITABILITY AND ECOLOGICAL STEWARDSHIP CAN GO HAND IN HAND.

CLIMATE

1) FOREST COVER: EVERY YEAR IN ETHIOPIA A FOREST AREA 7X THE SIZE
OF AMSTERDAM IS LOST TO DEFORESTATION. WITH MIZAN, WE WANT TO
PROVE THAT IT MAKES BOTH ECONOMIC AND ENVIRONMENTAL SENSE
TO PROTECT SUSTAINABLE FARMING PRACTICES THROUGHOUT THE
COUNTRY'S REMAINING COFFEE FORESTS.

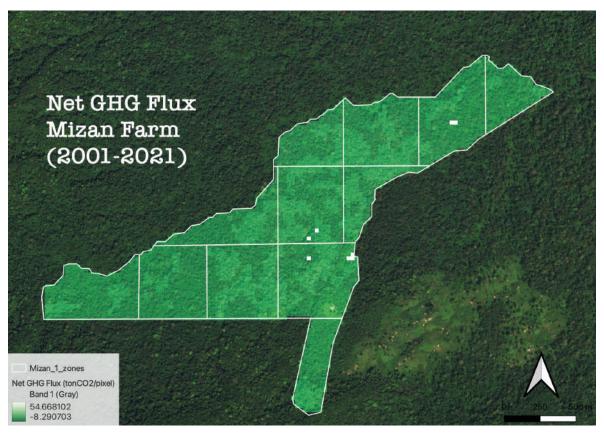
2) CLIMATE: THE CHOICE OF LOCATION FOR OUR MIZAN FARM IS NO ACCIDENT. THIS IS A REGION THAT WILL BE AMONG THE FIRST TO SIGNIFICANTLY SUFFER FROM FURTHER TEMPERATURE RISES. AN IMPORTANT PART OF OUR MISSION AT MIZAN IS TO EXPLORE THE VARIOUS WAYS FARMERS CAN ADAPT TO - AND PERHAPS EVEN PROFIT FROM - CLIMATE CHANGE THROUGH SMARTER WATER USAGE, INTERCROPPING AND REFORESTATION.

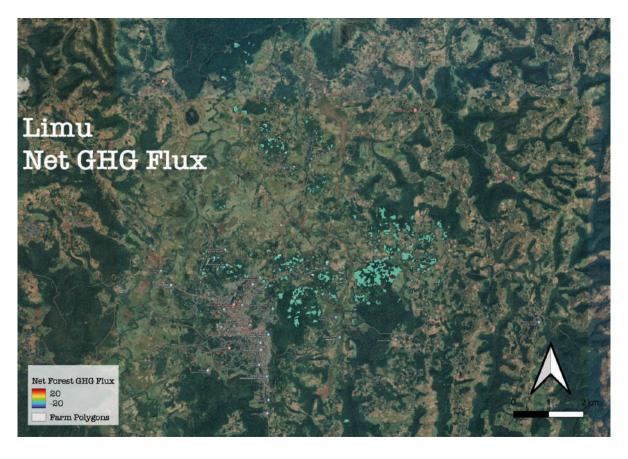
3) BIODIVERSITY INTACTNESS: WITHOUT A NEW ECONOMIC PARADIGM THERE IS A VERY REAL RISK THAT ETHIOPIA WILL LOSE MUCH OF ITS CURRENT FOREST-SHIELDED COFFEE PRODUCTION TO BRAZILIAN-STYLE INDUSTRIAL MONOCROP PRODUCTION. IN EMBRACING A TRUE COST METHODOLOGY AT MIZAN, WE ARE EXPLORING HOW TO GROW COFFEE AT SCALE WHILE KEEPING BIODIVERSITY INTACT. IT IS VITAL FOR OUR FARMERS AND FOR THE PLANET THAT WE SUCCEED.

AMBITIOUS? MAYBE. DOABLE? WITH YOUR HELP, A RESOUNDING YES!

BUT WHAT ABOUT THE NUMBERS

Currently, from our 240ha Mizan farm in Ethiopia, 706.86tCO2eq is sequestered every year. Slmilarly, from our smallholders in Limu, over 537tCO2eq is sequestered per year. This alone amounts to 1243.86tCO2eq every year, which is approximately 3 times as much carbon dioxide as our entire supply chain emits every year.





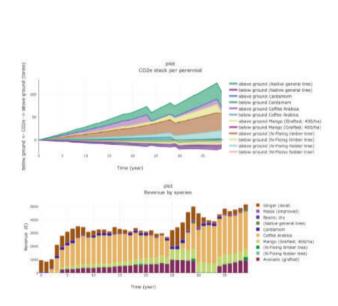


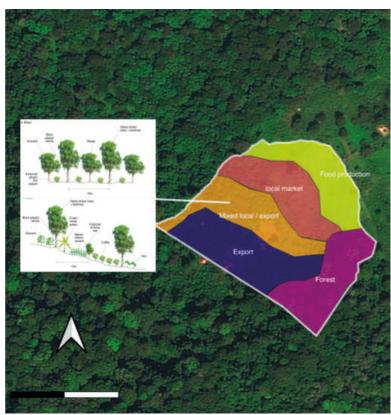
MOVING FORWARD

Our plan of action starts with eliminating air freight from the Ethiopian supply chain in year one.

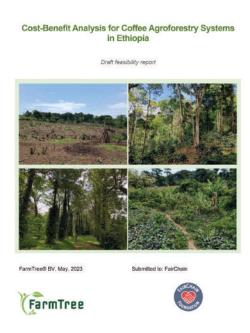
Following this in year two, we hope to eliminate all air freight from microlots. At the same time we are also working on several initiatives in the participation section of this report.

One project that we are working on now is quantifying the CO2 sequestration from different agroforestry systems that we are implementing now to reforest an area of land. The plots of land will serve as experimental plots for creating model agroforestry systems for different management scenarios for the 12.000 smallholder farmers surrounding the farm.





These scenarios are being analysed by Rabobank Acorn Carbon Credit Market partner FarmTree. Please study their report.







Brussels, 17.11.2021 SWD(2021) 327 final

COMMISSION STAFF WORKING DOCUMENT

EXECUTIVE SUMMARY OF THE IMPACT ASSESSMENT REPORT

minimising the risk of deforestation and forest degradation associated with products placed on the EU market

Accompanying the document

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on the making available on the Union market as well as export from the Union of certain commodities and products associated with deforestation and forest degradation and repealing Regulation (EU) No 995/2010

BUT ITS TO LITTLE TO LATE

TO LITTLE TO LATE

deforestation legislation

| Pros | Cons |
|--|--|
| Forces companies to look into origins of products | Easy to falsify |
| Targeted approach | Pushes out some producers from EU market into less regulated markets |
| Support available | Deforested land is neglected rather than reforested |

EMS certification schemes

| Pros | Cons |
|---|---|
| Focus on reduction of emissions | Expensive - pushes out smaller players |
| Organized and simple approach | Low bar - allows for companies to choose select scope 3 mitigation strategies that they have the most control over |
| Provides benefits to companies such as a priority in tender applications | Easy to hire consultant to make meaningless and vague mitigation plans |

carbon offset projects (ACORN)

| Pros | Cons |
|--|--|
| ls focused on | Price of carbon = |
| smallholder | 20-30 euro per |
| agroforestry | ton* |
| Focuses on | Focus on carbon |
| carbon removal - | removal - does |
| makes it harder to | not pay for |
| falsify | protection |
| Good support from ACORN team in planning and monitoring | For coffee the returns are too low to incentivize action |



We don't believe in offsetting. Companies should take responsibility within their own supply chain via insetting

Revealed: more than 90% of rainforest carbon offsets by biggest certifier are worthless, analysis shows

Investigation into Verra carbon standard finds most are 'phantom credits' and may worsen global heating

To turn our carbon surplus into a positive handprint that can support our customers in reaching their insetting goals we work with leading partners and FairChain blockchain technology to create secondary market carbon credit tokens.







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THANK YOU!

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